



RuralEdge: Responding to Questions You Have Asked Greensboro Village School Housing

How do you select tenants? Who is going to live here?

RuralEdge develops project unit mix and income designations based on market conditions. In more rural communities we look to develop “general occupancy” housing or units that are not restricted to any particular type of household. Instead, we design a range of amenities and features that are attractive to a wide group of households. In the case of Greensboro, we knew that employers were looking for housing, so we looked at pay ranges for their employees and developed units that fit that income mix. Too, we knew that accommodating families with children was important for the school, so we looked to have a majority of the units with two or three bedrooms. For one-bedroom units we focused on accessible paths of travel and features that would be attractive equally to elderly households or those starting out. For this development, we propose rents that range from \$833 to \$1387 per month including all utilities. These units are not subsidized, meaning that while the rents meet affordability levels, households are responsible for paying the full rent, rather than in subsidized housing where households pay 30% of their income for rent. This means that resident household incomes are projected to range from the low \$30,000s up to about \$75,000.

While RuralEdge has over 700 units currently, each development has its own waiting list; potential applicants are welcome to put their names on more than one list. By maintaining separate lists, we can make sure that people are applying for housing where they want to be and with the features they need. This way, if there are Greensboro residents or people with connections to Greensboro, you can make sure that they get on the new list for Greensboro Housing early.

To be placed on a waiting list, a full application must be submitted that includes income and assets documentation, employer history, landlord history, background documentation including any arrests or convictions, as well as special accommodations needed. When a person comes near the top of the waiting list and begins processing for a unit, third-party documentation of all income and benefit sources is verified, landlord verification and references are checked, and credit and criminal background checks are completed for all household members over 18.

In general, who lives in our units? Our units are occupied in most instances by people with connections to the community: our neighbors, our friends and our families. We have many residents who have lived in their units for decades and we have others who have graduated from our rental housing to buying a home with assistance from our Homeownership Center. We have regular tenant meetings and bring in guest speakers ranging from local police to discuss personal safety to State Game Wardens to discuss dealing with wildlife and how to discourage them from visiting properties.

Who manages your units? How do you keep a safe community and enforce rules?

RuralEdge self-manages all our rental properties. We have a large Property Management Team comprised of a director, five property managers, two maintenance supervisors each with a team of four maintenance staff, two janitorial staff and a “turnover team” of four. Together with our Compliance Team of five, who oversee leasing and programmatic compliance for the various rental properties, we provide a lot of staff to ensure smooth operations at our developments.

Property managers are regularly onsite in buildings and all new properties are designed and fit up with extensive camera monitoring systems that allow management staff to keep an eye on things remotely and be able to respond to issues quickly. Too, this video documentation can assist as evidence in eviction proceedings. Most frequently however, our cameras aid local police departments in addressing crime that neither occurs on our property nor includes our tenants. Because of the quality of our cameras and the range that they cover, they can capture street activity that has helped with numerous arrests and promoted public safety.

RuralEdge maintains tenant handbooks and rules for each property. Violations are documented and every effort is made to rectify a situation and help a household maintain their housing, but a tenant must engage with one of our Eviction Prevention Specialists and adhere to a plan that remedies the situation. RuralEdge is not afraid to pursue evictions and has a skilled attorney we work with regularly.

How could it really cost that much?

The Governor's Address at the beginning of the 2024 legislative session cited the cost of housing – about \$450,000 per unit. This was not the cost of affordable housing units, but the actual cost of housing. This is a daunting number but there is widespread understanding that the cost is very real and impacts both non-profit and private developers alike. This is a statewide issue and one that RuralEdge looks to tackle with communities.

There is agreement from both the private and public sectors that the cost of building or creating new units is significantly higher than the value of existing homes or units. This helps to explain why there are no new subdivisions of starter houses being built anywhere in the State. Even in Burlington, the cost to construct a modest home is greater than the end value. This also helps to explain why many properties in need of substantial updating sit vacant and deteriorating; their renovations simply can't be accomplished by the private sector with our market conditions.

Where RuralEdge differs from the private sector is that we are required to own and operate the housing resource in perpetuity. Where private investors have an exit strategy of selling a property, we don't have that option. Part of the rationale behind that is that since public resources are being used to create this, the investment is greater upfront, but less over time. This makes organizations like RuralEdge responsible stewards for public funds. Because of that, funders have specific requirements as to what materials can be used and the energy standards in place. Too, we are required to add things to our developments like community space, offices for SASH staff, accessible community gardens and recreational amenities to make our developments desirable places to live and quality additions to the overall community.

Our developments typically have unique considerations that add to the cost. Our New Avenue project in St. Johnsbury as well as the Sacred Heart Convent and School in Newport all had extensive asbestos present. In those cases, the cost is about \$1,000,000 per building just to abate the hazardous materials before we can start renovation. Add to that the infrastructure costs of new access drives, parking, sidewalks and drainage to deal with all of the stormwater requirements. Our buildings have full sprinkler systems and are designed to maximize life safety. Of course, these requirements are not unique to our project, but rather required for projects of this scope and configuration – another reason why you don't see private developers building these.

The cost of construction materials is a huge issue that has received a lot of news coverage, especially since COVID. This is experienced by anyone who has gone to the local lumberyard and tried to buy lumber. Because of pricing variables, we are required to carry three contingencies for construction projects, totaling 20% of the total construction cost. The construction industry saw costs increase 30% between 2022 and 2023.

Even with these costs, it is important to remember that the funds invested in our properties go back into the community. Our biggest and regular contractors are based in the NEK and they hire locally and use local subcontractors. For New Avenue, the construction project created 60 local jobs for 18 months – and for the interest of the local stores – those workers – and their daily spending, were a great contributor in keeping the businesses open through COVID. And our project kept construction workers employed at the same time.

We hear each day of the need for more units and new units. It is not cheap. It is not easy. The process is inefficient at best and sometimes downright cumbersome. It is easy for those of us who have had the luxury of stable housing and purchased or built some time ago to gasp at the investment needed. That is part of the reason that scale is important. Not only are we developing housing, but we are using funding mechanisms that require significant soft costs. To use tax credits, we need to create limited partnerships with investors who can benefit from the tax credits. In exchange for an upfront investment, they receive tax credits over an extended period. This requires both complex legal structures, detailed accounting, and compliance with a myriad of IRS rules. These soft costs are the same to set up a development for 2 units or 200 but it is widely accepted that the smallest project that is financially viable is about 20 units. RuralEdge shared this fact with Greensboro on our initial visit.

Too, we need to operate the housing. Some ask why can't you build single family homes instead? A neighborhood of single-family homes requires extensive infrastructure: roads, water, sewer, and electrical lines and often isn't the most economical use of land, which is an expensive resource. Too, while the cost of construction may be similar to the cost of an apartment unit, the infrastructure, land and associated costs are much greater. This doesn't even take into consideration the operating costs of individual heating systems, individual roofs, larger exterior surfaces to maintain as well as the operating costs of lawn and snow removal and maintenance and monitoring of what are then considered community water and wastewater systems. Finally, State criteria for funding projects dictates priority for community center developments and limiting sprawl. Having shopping, churches, libraries, and schools within easy walking distance are all considerations that impact competitive funding.

What is the difference between the work done in a feasibility study and work presented for permitting?

RuralEdge has completed a feasibility analysis for the conversion of the Greensboro Town Hall into housing. During a feasibility study we ask broad questions and investigate, with a variety of consultants, those items that determine whether a project is possible. If the response is positive, the studies are used to secure funding for a conceptual project. Once funding is awarded, a project moves on to the Development Drawing phase.

The Development Drawing phase is very expensive and includes an architectural team as well as all the consulting engineers: mechanical, civil, and structural. RuralEdge has spent about \$35,000 of our funds on a feasibility study. This does not include our investment in staff time, estimated to be about \$60,000 over the five years since we were contacted by the Greensboro Housing Committee. Development drawings for this project will cost about \$400,000.

Because of this, when people ask to see a defined site plan, we don't have one. What we have done is looked at the site, evaluated where there are wetlands where no development can take place, looked at the town's desire to keep the green out front undeveloped and its ability to accommodate an onsite septic system to serve the unit mix we are projecting as well as the Grange Building, the need for up to 50 parking spaces and the area needed for that. We look at the building and then all the requirements of zoning, including setbacks and height limits and verify that our project can meet these requirements. That is what we have looked at and, with our architect, developed schematic designs that work. These designs are very preliminary and will change many times over, but ultimately, final review is through the permitting process and the Zoning Ordinance dictates what must be done to meet the requirements.

Won't this change the character of the community?

RuralEdge owns properties across the Northeast Kingdom. We frequently have received recognition and awards for our exceptional historic preservation work and efforts to maintain community character. Our New Avenue development received a Preservation Trust of Vermont award and was featured in the National Park Services Annual Report. Our efforts in Groton and Ryegate were lauded by HUD through the Doorknocker Award for outstanding use of federal HOME funds in rural town center historic preservation projects. Our Groton project received an award from the Vermont Forum on Sprawl for Outstanding Rural Community Development. Our work in Greensboro will be completed in much the same way, with a focus on preserving and enhancing historic properties while strengthening the community.

RuralEdge works closely with the Division for Historic Preservation and specialized consultants to ensure that our rehabilitation projects meet the highest preservation standards and comply with the Secretary of the Interiors Standards for Historic Preservation. Our proposed project in Greensboro is no exception.

Vermont Division for Historic Preservation staff participated in site visits to the school and reviewed multiple massing scenarios when considering how the original building was treated as well as the addition. As a result, a plan for maintaining the interior tin finishes and original wood details, and well as exterior treatment to ensure thorough insulation and sustainability have been developed.

There have been some statements that having 20 units will increase traffic. I welcome you to visit any of our properties and check for traffic coming and going. I visit all our properties and cannot think of one where either parking or traffic is an issue. Our Olivia Place Housing in Lyndonville is a general occupancy property and a great example of a similar type of project. Our parking lot is never full, and I have never seen any issue with traffic. What I do see are kids riding their bikes (we include bike racks at all of our developments) and people congregating with their neighbors on great days. Too, I think it is important to remember that this would be an adaptive reuse of a building that was designed for public use and was expected to have a higher level of occupancy than our project fully occupied would have.